

Message Text

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PAGE 01 MADRID 02848 081602Z

47

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TO SECSTATE WASHDC 8827

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E.O. 11652: N/A

TAGS: EAGR, SP

SUBJ: WORLD FERTILIZER SITUATION: PHOSPHATE PRODUCTION

REF: STATE 090131

1. EMBOFF HAS OBTAINED FOLLOWING INFORMATION FROM ANTONIO SERRANO PEREZ, RESEARCH AND TECHNICAL OFFICE, FOSFATOS DE BU-CRAA, S.A. CALLE BOIX Y MORER 6, MADRID 3, A 100 PERCENT INI OWNED FIRM AND ONLY OPERATOR OF PHOSPHATE MINE IN SPANISH SAHARA:

A. BU-CRAA PHOSPHATE DEPOSIT IS LOCATED IN THE NORTH AREA OF SPANISH SAHARA, ABOUT 107 KM. FROM EL AAIUN AND ABOUT 100 KM. FROM THE ATLANTIC COAST. SERIOUS PRODUCTION BEGAN ONLY FEB 1973.

B. PRESENT CAPACITY OF MINE IS 3,000,000 METRIC TONS ANNUALLY (TO BE INCREASED TO 6 MILLION METRIC TONS ANNUALLY IN 1975). EXISTING RESERVES ESTIMATED AT 1,700 MILLION TONS OF PHOSPHATE ROCK. ACTUAL PRODUCTION IN CY 72 FROM SMALL PILOT PROJECT WAS 72,986 METRIC TONS, IN CY 73 ROSE TO 693,858 METRIC TONS, AND IS ESTIMATED AT 2,200,00 METRIC TONS FOR THIS CALENDAR YEAR. ESTIMATED PRODUCTION FOR CY 75 WILL BE 4 MILLION METRIC TONS, WHILE ESTIMATE FOR CY 76 IS BETWEEN 5-6 MILLION METRIC TONS. COMPANY WILL DECIDE IN 1975 WHETHER OR NOT TO INITIATE PRODUCTION EXPANSION TO 10 MILLION METRIC TONS PER ANNUM.

C. STUDIES SHOW THAT CONTENTS IN P2 O5 OF THE MINERAL ARE OVER 31 PERCENT AND AT TIMES GO FURTHER THAN 36 PERCENT. THICKNESS OF MINERAL PHOSPHATE LAYER VARIES FROM 2.5 TO 7 METERS. TWO QUALITIES, UNCLASSIFIED

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PAGE 02 MADRID 02848 081602Z

75 PERCENT AND 80 PERCENT BPL OF CONCENTRATE, ARE COMMERCIALIZED,

ABOUT 75 PERCENT TO SPAIN AND REMAINING 25 PERCENT TO OTHER COUNTRIES. PRINCIPAL NON-SPANISH BUYERS DURING PERIOD JAN 1-APRIL 30, 1974 WERE JAPAN (69,394 METRIC TONS), USA (28,000 METRIC TONS), AND URUGUAY (25,852 METRIC TONS).

D. FOSFATOS DE BU-CRAA IS MINING COMPANY ONLY USING STRIPPING METHOD WITH PRIMARY CRUSING PLANT TO REMOVE WASTE (MOSTLY SILEX AND LIMESTONE), AN APPROXIMATE 100 KM CONVEYOR SYSTEM TO INTERMEDIATE STOCKPILING DEPOT ON COAST, A CONCENTRATION PLANT AND PORT FACILITY FOR SHIPMENT. OPERATION ALSO INCLUDES POWER PLANT, WAREHOUSES, WORKSHOPS, OFFICES AND RESIDENCES FOR SOME 400 EMPLOYEES.

E. FOSFATOS DE BU-CRAA HAS BEEN USING ALMOST EXCLUSIVELY US MADE EQUIPMENT OR EQUIPMENT PRODUCED BY US SUBSIDIARIES ABORAD.

F. NO FACILITIES EXIST IN THE SPANISH SAHARA FOR PROCESSING CONCENTRATED PHOSPHATE INTO FERTILIZERS OR PHOSPHORIC ACID.

2. RE PARA 6 OF REFTTEL, SERRANO STATED NO RESTRAINTS IN SIGHT RE BRINGING INCREASED PRODUCTION ON STREAM. GOS SPURRING FIRM TO INCREASE PRODUCTION.

3. SERRANO PRESENTED EMBOFF WITH ENGLISH-LANGUAGE BROCHURE RE SAHARA MINE OPERATION. HAS BEEN AIR-POUCHED TO STATE DESK OFFICER FOR SPAIN.

4. SERRANO WHO MENTIONED RETURN FROM APRIL 28 UNCTAD CONFERENCE IN GENEVA DEALING WITH PHOSPHATES, STATED THAT HE WOULD VERY MUCH APPRECIATE RECEIVING A COPY OF ANY USG PUBLICATION WHEN AGRICULTURE HAS COMPLETED ITS STUDY. EMBASSY REQUESTS COPY OF REPORT FOR PRESENTATION TO SERRANO WHEN AVAILABLE.
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